



Pegasus Transportation Group Inc.

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February 2, 2000

Chairman
Surface Transportation Board
1925 K St., N.W.
Washington, D.C. 20423-0001

Dear Sir,

My transportation company uses and provides rail intermodal services for our customers. I have been involved in transportation for over 29 years. Ten of those years were with the Southern Pacific Ry. The other nineteen have been as an intermodal marketing and trucking company. We utilize the UP, BNSF, CSX, NS, KCS, CN, CP, and TFM railroads to provide this service to a broad customer base.

I have observed the trend in the rail industry since the 1981 Staggers Act toward larger and fewer railroads. In North Texas there were eight operating rail carriers and intermodal sales offices for another six in 1981. They offered service from multiple ramp locations in North Texas to a larger number of cities than they do today. Today there are three offering service. For example in 1981 four carriers offered service from Houston and Dallas, Texas to Chicago, Ill. Today there is one. Two carriers offered competitive rates and service to Denver, Co. Today there are none. There are only two sales offices based in Dallas and one in Houston.

Since the merger of BN with the ATSF, the UP with the SP, and CSX & NS with CR, I have seen a decrease of service and increase in rates. We have also noticed a lack of any cooperation between the two west coast carriers (BNSF & UP) and the east coast carriers (CSX & NS) on interchangeability of intermodal equipment. The UP and NS are busy developing a EMP program and equipment that they will not interchange to the BNSF or CSX. The BNSF is developing a NACS program and equipment that will not interchange to the NS and UP. The CSX has developed a CSXU container they will not allow to interchange to the NS or BNSF.

More mergers and consolidations are unnecessary now. With the four major carriers in the United States and two in Canada, it is time they displayed the much touted improved train performance, competitive rates, and cooperation, they so strongly advertised during their respective mergers. A new mega merger will only trigger another round of mergers until we are left with only one rail carrier.

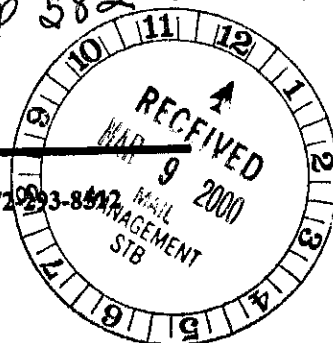
Conventional wisdom says increased competition is good in trucking, telephone, electric utilities, and the airline industries. I fail to see the logic in allowing another public utility to continue to merge until only one or two carriers are left.

The purpose of deregulation of the rail carriers was not to eventually become one railroad and eliminate all competition, but to eliminate unprofitable business and be more competitive. With the advances in information technology, the rail carriers should concentrate their efforts on cooperative initiatives to improve interchange service, dispatching, and more effective equipment interchange programs. I urge you not to grant this proposed BN/CN merger or any other proposed rail mergers in the future.

Sincerely,

Jack McFadden, President

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